THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: _AUDITOR-CONTROLLER_

Urgent_____ Routine_____

CEO Concurs with Recommendation YES__ NO___
(Information Attached)

BOARD AGENDA # __B-13__

AGENDA DATE __August 28, 2001__

4/5 Vote Required YES___ NO___

SUBJECT:

APPROVE THE PROJECT CHARTER FOR THE HUMAN RESOURCE SYSTEM
UPGRADE AS RECOMMENDED IN THE INFORMATION TECHNOLOGY STUDY
COMPLETED BY THIRDWAVE.

STAFF
RECOMMEN-
DATIONS:

1. APPROVE THE PROJECT CHARTER, WHICH DEFINES THE STRUCTURE,
   PROCESSES AND DELIVERABLES OF THE HUMAN RESOURCE PROJECT.

2. APPROVE THE PROJECT BUDGET AND RESOURCES REQUIRED.

3. AUTHORIZE THE PURCHASING AGENT TO ENTER INTO A PROFESSIONAL
   SERVICES CONTRACT WITH VENDORS.

4. AUTHORIZE THE CREATION OF AN INTERNAL SERVICE FUND TO CAPTURE
   COSTS ASSOCIATED WITH THE PROJECT.

FISCAL
IMPACT:

The Information Technology Plan completed by ThirdWave identified savings of $917,000
in the first year of full implementation and continuing accumulation of savings in subsequent
years. These savings would come from the implementation of an on-line time card (filled out
by the staff member, using an internet based form). The County currently pays
approximately 4,500 employees every two weeks. Fully automating this process would

(Continued)

BOARD ACTION AS FOLLOWS:

No. 2001-649

On motion of Supervisor _Blom_____ , Seconded by Supervisor _Caruso_____
and approved by the following vote,
Ayes: Supervisors: _Mayfield, Blom, Simon, Caruso, and Chair Paul_____
Noes: Supervisors: _None_____
Excused or Absent: Supervisors: _None_____
Abstaining: Supervisor: _None_____
1) _X_ Approved as recommended
2) ____ Denied
3) ____ Approved as amended
MOTION:

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk   By: Deputy   File No.

FISCAL
IMPACT
CONTINUED:

eliminate the manual step of keying time for each employee. While we believe that there are other cost saving benefits to be derived, this will provide the largest single benefit to departments.

The total cost of this project will be $946,269, which includes a contingency amount of $85,000. Approximately $350,000 of this amount will be a General Fund obligation. The costs will be captured in the current year (2001 – 2002) and will be allocated in the following year (2002 – 2003). The project will provide other enhancements to improve operational efficiencies within the Human Resource System. This project is consistent with the Information Technology Strategic Plan adopted by the Board of Supervisors. The project will put in place an Internet architecture that will enable the County to leverage the efficiencies of Web technology within the Human Resource System.

As part of this project, four options were studied to determine which approach was most cost effective. A three-year period was used for comparison purposes. These included:

♦ Using a third party vendor to process the payroll.

There were two options presented by the vendor:

1. Payroll Outsourcing for Payroll & Benefits only.
2. Payroll Outsourcing for Payroll, Benefits and Human Resource functions.

Either of these options would have been at a higher cost over a comparable three-year period. We also believe that this option would not provide the degree of management over this function that the County currently exercises.

♦ Using a third party vendor to host the application, which is then accessed over the Internet.

PeopleSoft is now offering a relatively new service, hosted application. Under this arrangement, PeopleSoft provides the hardware, database administrators, and related support to run the County's application. All licensing costs and other processing expenses remain an obligation of the County. This option would provide control of the application absent from the outsourcing option; however, the cost is higher than other options considered.

♦ Upgrading the current version of the Human Resource software

and running the application on County-owned hardware.

This option provides the greatest degree of control and is the least expensive over the three-year period. Because this option presents the best business case, it is the one that is being recommended in the report.

♦ Maintain existing system version and contract for support and maintenance.

This option presents the greatest risk to the County. While we have received preliminary estimates to maintain our tax tables, no firm commitment has been made. The initial estimate for each of the 7 to 8 annual tax table updates was $40,000 plus expenses. The estimated cost for the coming calendar year is over $336,000 and does not provide any cost savings to departments. This approach is not consistent with the Information Technology Strategic Plan approved by the Board of Supervisors and does not move a system to Web based services.

The cost breakdown of each option is included in Attachment A, "PAYROLL COST EVALUATION." As part of our due diligence, we requested that our analysis be confirmed by an independent third party. Business Software Consultants completed this review, a firm that specializes in implementation projects. Their report is attached for your reference and confirms that the option being recommended will provide the greatest long-term benefit to the County.

DISCUSSION: Project Critical Delivery Deadlines

The success of the project is dependent on the commitment of those involved to be available during the decision process and the commitment of the project team and vendors to complete their project assignments on time and within budget. Those factors and dates are identified as follows:

♦ Board of Supervisors approves project charter and funding—August 28, 2001

♦ Vendor selected to assist with upgrade—September 2001

♦ Vendor contract to convert data signed—September 2001

♦ PeopleSoft Version 8.XX installed—September 2001

- Updated environment received and loaded on server—October 2001
- System testing completed—November 2001

- County Department training completed—November 2001

- Production system is available & operational—December 17, 2001

Business Drivers/Measurements

The driving force is the benefits and cost savings available from the new Internet with the implementation of the Information Technology Strategic Plan. The approach to successfully accomplish this task is to review the options available and implement the best and most cost effective option available. The key project measurements of success are:

- Critical delivery dates are met.

- Resources are available at critical times.

- Vendor resources are available.

Project Goals

- To implement Internet architecture which enables the County to deploy menus and forms over the Web, using standard Web browsers.

- A security structure which allows all employees to have access to their own selected records (employee self-service).

- To eliminate many of the steps now required when enrolling or changing employee benefit selections, thus reducing the amount of time and improving accuracy.

- To provide a direct connect via the Web to health carriers making the CALYNX initiative possible. This is an interface required of the County to be designed by 1/1/2002, to send benefit elections directly to the carriers.

- To reduce the number of paper forms employees must complete

for benefit enrollment.

♦ To allow access for employees to enter their own hours worked via the Internet.

This new technology operates in a three tier architecture and will result in moving to lower cost hardware in the County's Management Information System Department.

Project Charter

The Project Charter (Attachment B) covers all aspects of this project and includes a process to identify and resolve items which require clarification.

POLICY ISSUES:

This project is consistent with the Stanislaus County Information Technology Strategic Plan.

STAFFING IMPACT:

Staff in the Chief Executive Office, Management Information Services Office, Auditor-Controller's Office, and selected County departments will be involved, as well as vendors.

PAYROLL COST EVALUATION

COST CATEGORY	Payroll Outsourcing Payroll & Benefits only	Payroll Outsourcing Payroll , Benefits & HR	Hosted Application	PeopleSoft Upgrade Version 8.0	Current Version 7.02
Start Up Costs:					
License Fee			$140,269	$140,269	
Hardware & Software	$4,000	$4,000	$4,000	$250,000	
Implementation	$277,000	$300,000	$556,000	$556,000	
HRMS Interface to vendor	$58,000				
Benefits interface	$21,000	$21,000			
Other Interfaces (3 @ $7,500)	$22,500	$22,500			
Sub-total - Start Up Costs	$382,500	$347,500	$700,269	$946,269	0
Annual Operating Costs:					
Hardware charges	$30,000	$30,000		$75,000	$75,000
License/Maintenance Costs	$120,290	$120,290	$148,344	$148,344	$598,344
Maintenance Fee @ 18% (Years 2 and after)	$18,270	$7,830			
Annual Hosting Fee	$120,000	$216,000	$217,510		
Per Check/Advice	$195,000	$234,000			
W-2's	$20,650	$20,650			
Sub-total Annual Costs	$504,210	$628,770	$365,854	$223,344	$673,344
Total First Year	$886,710	$976,270	$1,066,123	$1,169,613	$673,344
Total Second Year	$383,920	$508,480	$386,854	$223,344	$1,073,613
Total Third Year	$383,920	$508,480	$386,854	$223,344	$223,344
Total 3 yr Cost	**$1,654,550**	**$1,993,230**	**$1,839,831**	**$1,616,301**	**$1,970,301**

Note - Service and Cost Effect if No Action Taken

The estimated cost of 7.02 extended support from PeopleSoft includes tax upgrades and customer support. While PeopleSoft has provided estimates for the 2002 tax year upgrades, there has been no firm commitment on their part to provide such service.
This approach provides no additional functionality to users and exposes the County to unacceptable labor union and legal liabilities.

Stanislaus County

Payroll Cost Evaluation

Prepared By:

Business Software Consultants
7101 Knollwood Drive
Navarre, Florida 32566

Business Software Consultants (BSC) provides consulting services for companies seeking to implement or enhance Payroll/Human Resources and Financial Systems. Services include requirements resolution, project planning, project management, system design, release upgrading, data conversion, customization, prototype and system testing, troubleshooting, custom training, user documentation, and on-site training.

BSC has experience with all aspects of human resource systems provides knowledgeable assistance for each subsystem: Payroll, Personnel, Applicant Tracking, Position Control, Flexible Compensation, Pension, Budgeting, Skills Inventory, Job Progression Analysis, Affirmative Action Reporting, Benefits Projections, Flexible Benefit Programs, 401(K) Plans, Expense Distribution, Time Tracking and Labor Management.

BSC was founded by a group of highly qualified professionals. All BSC consultants have detailed knowledge of Payroll/Human Resource, which has come from their involvement in over 100 implementations.

BSC provides support to clients according to a jointly developed service plan. Service plans range from full service, turnkey implementations to specialized support for a specific technical or functional aspect of an implementation project. The firm's focus on Payroll/Human Resource products and on implementation consulting provides the client with a unique and extremely useful resource for implementing purchased software.

This report was based on information provided by Stanislaus County as well as follow-up phone conversations with Kim Groesbeck, Larry Haugh, Roger Lovell and Jim Ray. The purpose of this report was to perform a complete review of the current options available to Stanislaus County.

BSC has reviewed the information provided for the following options:

- Outsourcing your Payroll and Benefits processing to ADP
- Outsourcing your Payroll, Benefits and HR processing to ADP
- Allowing PeopleSoft to host your entire PeopleSoft application
- Upgrade current PeopleSoft 7.02 to release 8.XX

The following factors were considered while conducting the analysis:

- License Fees
- Hardware and Software Needs
- Implementation/Upgrade Costs
- Additional Interface Costs (Outsourcing Options)
- Annual Operating Costs
- Projected 3 Year Recurring Costs

Based on the information reviewed and researched, BSC concurs with Stanislaus County that the most cost-effective approach would be to perform the upgrade from PeopleSoft 7.02 to release 8.XX (current release levels are 8.1 SP3 for HRMS and 8.14 for PeopleTools).

Keeping the current PeopleSoft system in house and upgrading to PeopleSoft 8 provides several long-term benefits:

- Employee Self-Service
- Enhancements in Time and Labor module (Self-Service Time Entry)
- Benefits Administration (Self-Service Benefit Elections)
- Enhanced upgrade tools
- More Options and Flexibility for Future Enhancements in Business Process
- "Out of the Box" Enhanced Functionality
- Control and Flexibility Meeting Users Reporting Needs

Based on the significant changes in the application and the technology behind the application, timing becomes a factor for upgrading your current PeopleSoft application.

Upgrading to PeopleSoft 8

Information for each of the specific areas has been assembled in specific areas of focus. The combination of each of these areas should provide the information requested.

PeopleSoft Upgrade Lab

Quoted costs for the PeopleSoft Upgrade Lab are $99,000 and PeopleSoft has estimated that will take 8 weeks to complete the upgrade (5 weeks offsite and 3 weeks on-site). Upon PeopleSoft's completion it is the responsibility of Stanislaus County to test the functional areas of the system and perform the move to production.

The PeopleSoft Upgrade Lab estimate does not include the modifications of customized batch SQR's or COBOL programs nor does it include the modifications of custom queries written in the PS/Query tool. These additional tasks would become the responsibility of Stanislaus County. A complete technical analysis would need to be conducted to determine the appropriate amount of technical resources and time to effectively modify, unit test and migrate to the new production environment.

BSC concurs that using the PeopleSoft Upgrade Lab would be the most expeditious and appropriate means for completing your upgrade providing that PeopleSoft could begin in a timely manner. BSC's analysis assumes that the PeopleSoft Lab would begin the off-site portion of the upgrade on or before August 20, 2001 to allow for adequate testing to be performed.

Task	Duration	Begin	Complete
PeopleSoft Upgrade Lab (Off-Site)	5w	Mon 8/20/01	Fri 9/21/01
PeopleSoft Upgrade Lab (On-Site)	3w	Mon 9/24/01	Fri 10/12/01

PeopleSoft will retire your current production release (7.02) on December 15, 2001. Tax updates, new updates and fixes, and access to PeopleSoft's global support center for your production HRMS and payroll system will not be available once this date passes. Typically PeopleSoft will deliver year end processing updates (W2 processing information) in the first tax update of the new year. Failure to upgrade your PeopleSoft system could have W2 delivery implications as well as potentially additional overall payroll and system issues.

If PeopleSoft is unable to begin the upgrade on or before August 20, 2001 an alternative solution may need to be determined. It is very important that the upgrade portion of the project be completed in early October to allow for the necessary level of testing and familiarization with your users.

In the event the PeopleSoft Upgrade Lab is unable to perform within the aggressive schedule of this upgrade, it would be to your advantage to use the same consulting/contracting firm chosen for post upgrade modifications. Using the same vendor would provide a more "hands on" experience for your current technical staff as well as an opportunity to possibly reduce the overall costs of the implementation.

Third Party Vendor Support

Third party vendor support should consist of knowledgeable resource(s) that will provide transitional assistance and knowledge transfer to your current PeopleSoft support staff. The consulting/contractor firm chosen should have resource(s) available to begin this assignment while the on-site resource(s) from the PeopleSoft Upgrade Lab are on-site at Stanislaus County.

Third party support should be utilized to assist your current PeopleSoft support staff to modify, unit test and move to production the batch SQR and COBOL programs as well as any additional n/Vision reports, PS/Queries and custom Crystal Reports.

Third party vendor support should assist your current technical and functional staffs in providing the necessary overall background knowledge in PeopleSoft 8.

This individual should help the core project team in determining the appropriate planning elements necessary to ensure the PeopleSoft 8 upgrade is successful. This resource should also provide the necessary assistance for Stanislaus County to formulate a comprehensive strategic plan that will address the specific long term needs of Stanislaus County and the use of PeopleSoft 8. Strategic planning should include:

- Employee Self-Service rollout plan
- Identification of the modules to become Self-Service applications
- Ways current manual functionality can be addressed within the new applications
- Identify ways PeopleSoft 8 can improve and reduce processing costs which will improve your ROI

Based on the estimated $150,000 for a third party resource figuring a senior consultant at current market rates (on the high side at $185.00 per hour) should provide approximately 680 hours actual on-site work on your project (17 weeks or 4.25 months). Costs for this resource would be broken down by $127,500 for billable time with $22,500 for expenses (calculated at 15% of the billable time). Based on the scheduling assumption for the PeopleSoft Upgrade Lab the appropriate time line for this resource(s) should be:

Task	Duration	Begin	Complete
Third Party Vendor Support	17w	Mon 9/24/01	Fri 1/17/02

Note

In the "Payroll Cost Evaluation" spreadsheet prepared by Stanislaus County The Implementation costs were projected to be $460,000 broken down by:

PeopleSoft Upgrade Lab	*$160,000*
Third Party Vendor Support	*$150,000*
Training	*$150,000*
	========
	$460,000

Originally the PeopleSoft Upgrade cost was quoted at approximately $160,000 and has been revised to $99,000. These additional dollars would be best spent (and may be necessary) with a third party vendor to further assist in the PeopleSoft 8 implementation. Based on the aggressive schedule it may be necessary to have more than one external resource participating in this upgrade transition process.

Training

Each member of your PeopleSoft technical support team should attend PeopleSoft training as quickly as possible.

Your core/main technical resource should also attend Payroll, Benefits Administration and Time & Labor functional classes as well. Based on the many technical/functional enhancements to each of these modules it would be in the best interest of the county to have this individual attend these additional classes to help the functional leads meet his/her strategic objectives as well as providing a broader understanding of the new PeopleSoft release.

Functional leads from HR, Benefits and Payroll should attend specific classes in their functional area. These classes should provide transitional assistance from your current 7.02 release to the new PeopleSoft 8.0 release. Once these functional leaders are trained they should return to share their functional knowledge with their internal direct reports and additional system users. It would also be appropriate for key core functional users to attend additional; training classes as appropriate.

Training classes can be taken at one of PeopleSoft's regional training centers as well as self- paced online training through the PeopleSoft Knowledge Center. PeopleSoft Knowledge Center offers on-line self paced training which may be appropriate for functional users in each of the specific business areas.

BSC concurs the estimated $150,000 would be adequate for your training efforts to address the appropriate training for the new PeopleSoft 8 release. It may be necessary to control travel expenses by attending classes nearby when available. An overall strategic plan for training should be created before training classes are booked. The strategic plan should address the specific users from each area to attend the training, as well as some analysis on which of the specific classes would be appropriate.

Hardware/Software Requirements

Technical User/Developer

Pentium 200 (minimum) or comparible chip
80 MB Memory (minimum)
5GB Hard Disk
Internet Explorer 5 or higher / Netscape Communicator 4.7x
Windows 2000
Merant NetExpress COBOL compiler version 3.0 (minimum) *
SQR version 6.1.4
Crystal version 8 (minimum)

Microsoft Office 97 or 2000 (depending on functional users)
Database connectivity software

This is not necessary but PeopleSoft recommends this compiler to be available to at least one windows workstation for convenience in applying patches. (COBOL programs can also be compiled on the application server, this would merely be a convenience).

Power User

Pentium 200 (minimum) or comparable chip
32 MB Memory (minimum)
1GB Hard Disk
Internet Explorer 5 or higher / Netscape Communicator 4.7x
Windows 2000 or Windows 9x

Casual User (Self-Service Users)

Pentium 133 (minimum) or comparible chip
32 MB Memory (minimum)
Internet Explorer 5 or higher / Netscape Communicator 4.7x
Windows 2000 or Windows 9x

Web Server

A Web Server will need to be configured to run either Apache or Microsoft IIS v5 for Windows 2000. (Apache will run on either AIX or Windows 2000)

This should run on a multiprocessor machine with fast processors. Memory on this server should be .5 to 1 MB per user

Database Server

Oracle 8.1.6 plus patch (minimum)
SQL*Plus
AIX 4.3.3
COBOL Compiler
SQR
Supporting PeopleSoft files and programs for Application Server

Stanislaus County is currently on Oracle release 8.0.5 which would need to be upgraded to 8.1.6 plus patch (or higher) *before* PeopleSoft performs the on-site portion of the PeopleSoft Upgrade Lab.

Each workstation that will access PeopleSoft 8 (either core users or self-service users) will need Internet Explorer 5 or higher installed on the machine.

Option 1

Use the existing RS/6000 as the Database Server, Application Server and Process Scheduler (for payroll processing). PeopleSoft refers to this configuration as a logical three-tier configuration. Purchase two NT based servers to act as the Web Server and an additional Process Scheduler (Report Server) to accommodate Windows specific batch processes (Crystal Reports, nVision Reports, Microsoft Word, etc…).

Option 2

Purchase three (or four) NT based servers to act as the Database Server, Application Server, Web Server and possibly an additional Process Scheduler (Report Server) to accommodate Windows specific batch processes (Crystal Reports, nVision Reports, Microsoft Word, etc…). PeopleSoft refers to this configuration as a physical three-tier configuration.

Once the system has been upgraded and an effective stress test has been conducted the configuration should be altered to yield the best performance.

Careful consideration should be used in determining the appropriate hardware strategy with PeopleSoft 8. The direction for hardware acquisition should meet the overall strategy of Stanislaus County. This would be the perfect opportunity to acquire, configure and implement new hardware options if appropriate. Based on the significant changes in technology involved in this implementation, the most flexible, scalable and cost effective approach should be considered.

Based on BSC's understanding of the current environment and my discussion with Jim Ray and John Emerson, $250,000 should be acceptable to upgrade Oracle, upgrade/purchase the appropriate Database Server. Purchase NT servers to act as the Application Server, Web Server (w/ Microsoft IIS v5) and possibly an additional NT server for the Report Server. This should provide what is needed for the implementation of PeopleSoft 8.

It is possible that an additional NT Report Server may be necessary in the future once employee self-service rolls out. This would need to be determined based

on load balancing and performance issues learned and evaluated during stress testing.

Resources

Both internal and external resources will be used to perform this upgrade. External resources will be used to perform the upgrade (PeopleSoft Upgrade Lab), modify the existing batch, and provide assistance for testing, training and strategic planning. Internal Resources will be used to provide overall project management, technical and functional direction. Perform unit tests on the upgraded system and where necessary conduct internal functional training.

It will be necessary to assemble a core project team that includes at least one member from each functional area as well as technical representation. A project manager should be named to coordinate the resources and to verify the project is proceeding in a timely manner. This project team should meet on a regular day and time for the length of the project.

A technical support person should be assigned to support the 7.02 system during this upgrade process, allowing the primary technical support specialist to be 100% involved in the upgrade process.

Testing

Testing is the most important phase of this project. It is necessary that tests be performed on the entire upgraded system that should include functionality, reports, batch processing, payroll and time & labor processing. A test team should be assembled to ensure that all areas are covered. The test team should have regularly scheduled meetings with the functional and technical teams until all test cases have passed successfully.

You probably still have the test cases available from your original implementation, if so, your underlying business process should be covered in the test cases, which could be retrofitted to the specific elements of PeopleSoft 8.

At least one parallel process (multiple would be ideal) of payroll processing should be included in the test cases. This test should compare gross to net calculations for each paycheck in the test population. This parallel test cycle should be planned to coincide with the 11/17/01 pay period begin cycle if possible.

Risk Factors

Timing -
Timing is the most significant risk factor associated with this project. The new release must be in production by the end of the year (mid December to coincide with payroll schedules and to remain under the PeopleSoft support umbrella) to be in effect for the first check paid in 2002. Adequate time needs to be allotted to perform the technical portion of the upgrade as well as appropriate amounts of time to conduct testing and training. If the project timeline experiences time delays and the new release is not able to go live by YE 2001 an alternative approach will need to be considered.

Training -
It is necessary that all users of the PeopleSoft system be trained and/or introduced to the new system. Based on the significant changes technically and functionally, if the appropriate training is not available or not taken, your users will have difficulty using the new system.

Resources -
Based on the short timeline and the importance of this upgrade it is necessary to put together a project team of functional and technical resources (internal and external) to perform and support this upgrade effort. If these resources are not available to participate when necessary, the stability and timeline of this project may be affected.

Third Parties -
The PeopleSoft Upgrade Lab and the Third Party Vendor must be able to perform their services within the timeline of this project. Failure of either party to meet the Stanislaus County timeline could have a significant impact on your project.

Testing -
Failure to conduct the appropriate test cycles could impact the stability of your new system. The testing phase of the project should include a comprehensive plan to test each of the functional/technical areas of the system. This should include a parallel test of the payroll process or at least on period validating gross to net calculations. Running and validating each of the interface processes (GL, AP and Retirement) as well as other critical processes used today in your current production system is also critical.

Hardware -
If it is deemed necessary to acquire new hardware for this project, the hardware should be purchased, delivered and the appropriate software installed before the on-site portion of the PeopleSoft Upgrade Lab.

Database -   The Oracle database needs to be upgraded to 8.1.6
                (minimum) prior to the on-site portion of the PeopleSoft
                Upgrade Lab.

Holidays -   Starting this project during a period that will extend into the
                holiday season may cause some scheduling difficulties
                based on internal resources that have scheduled holiday
                vacations. Vacation time scheduled in the fourth quarter
                should be known when scheduling resources to ensure
                adequate participation on the project team(s).

Alternatives

Based on the fact that it makes the most sense to keep PeopleSoft in house,
Stanislaus County has basically only two options if the upgrade to PeopleSoft 8
is unable to go live in the necessary timeframe.

Option 1   Continue on release 7.02 for an additional period of time until it is
              appropriate to perform the PeopleSoft 8.XX upgrade. Stanislaus
              County would be out of support from PeopleSoft and would not be
              sent the needed tax updates on PeopleSoft's regular schedule.
              There is a possibility that the specific tax updates needed could be
              purchased individually; PeopleSoft does not guarantee that these
              will be available. PeopleSoft generally delivers the year-end tax
              processing changes in early January. Failure to obtain the needed
              tax updates could affect W2 processing as well as the
              implementation of routine tax code changes.

              If PeopleSoft made the tax updates available to purchase as
              needed, it would be cost prohibitive to purchase these updates
              based on the fact an upgrade is inevitable. In my opinion staying
              on your current release is an absolute last resort option.

Option 2   Perform the upgrade to release 7.5 as an interim step to getting to
              8. This would not be desirable based on the fact that Stanislaus
              County will eventually need to upgrade to PeopleSoft 8 (by March
              2003), thus making the intermediate upgrade a band-aid to delay
              upgrading to PeopleSoft 8. One small advantage to PeopleSoft 7.5
              is that all of your current workstations could remain as they are
              today with a two-tier connection. Staying two-tier does not provide
              a significant advantage because once the upgrade to PeopleSoft 8
              is eventually complete all connections are made via a three-tier
              environment.

If there is absolutely no way to accomplish the PeopleSoft 8.XX upgrade this option would be a better option to consider than option 1.

Timeline

Below is a possible high-level time-line that may be helpful while performing the analysis before beginning this project.

Task	Duration	Begin	Complete
Strategic Upgrade Planning	10d	Mon 8/6/01	Fri 8/17/01
Secure Needed Resources	10d	Mon 8/6/01	Fri 8/17/01
PeopleSoft Upgrade Lab (Off-Site)	5w	Mon 8/20/01	Fri 9/21/01
Attend Technical Training Classes	3w	Mon 9/3/01	Fri 9/21/01
Attend Key Function User Training Classes	5w	Mon 9/3/01	Fri 10/5/01
PeopleSoft Upgrade Lab (On-Site)	3w	Mon 9/24/01	Fri 10/12/01
Develop Test Cases	3w	Mon 9/24/01	Fri 10/12/01
Third Party Contractor(s)	17w	Mon 9/24/01	Thu 1/17/02
Modification of Batch Processes	5w	Mon 9/24/01	Fri 10/26/01
Conduct Installation Acceptance Test	1d	Mon 10/8/01	Mon 10/8/01
Begin PeopleSoft 8 Familiarization Sessions	1w	Mon 10/15/01	Fri 10/19/01
Begin Test Cycle 1	1w	Mon 10/29/01	Fri 11/2/01
Begin Test Cycle 2	1w	Mon 11/5/01	Fri 11/9/01
Begin Test Cycle 3	1w	Mon 11/12/01	Fri 11/16/01
Parallel Payroll Test	1w	Mon 11/26/01	Fri 11/30/01
Address Testing Issues	1w	Mon 12/3/01	Fri 12/7/01
Move to Production	4d	Sat 12/8/01	Wed 12/12/01
Continued Training	78d	Wed 12/12/01	Fri 3/29/02

Conclusion

The upgrade to PeopleSoft 8.XX is possible in your timeline provided the project begins quickly. Any delays that would cause the PeopleSoft Upgrade Lab portion of the project to begin later than 8/20/01 would potentially put the upgrade in jeopardy. If the appropriate tests and training are not conducted, the system could be implemented incorrectly and could cause an unstable production environment.

The cost estimates made by Stanislaus County appear to be correct based on the information that I was able to obtain.

BSC appreciates the opportunity to provide this information. The information contained in this document should provide the information needed to make the important decisions regarding the PeopleSoft 8.XX upgrade. If additional information is needed, BSC can be contacted thru Larry Haugh.

ATTACHMENT B
PROJECT CHARTER
STANISLAUS COUNTY HUMAN RESOURCES MANAGEMENT SYSTEM UPGRADE

Project Scope

The project will provide options for entering time worked and other enhancements to improve operational efficiencies within the Human Resources System. This project is consistent with the Information Technology Strategic Plan adopted by the Board of Supervisors. This project will put in place Internet architecture, which enables the County to leverage the efficiencies of Web technology within the Human Resources Management System.

As part of this project, four options were studied to determine which approach was most cost effective. These included:

♦ Using a third party vendor to process the payroll.

♦ Using a third party vendor to host the application, which is then accessed over the Internet.

♦ Upgrading the current version of Human Resources software and running the application on County-owned hardware on the Internet. This is the option which was chosen.

♦ Maintain existing system version and contract for support and maintenance.

This new technology operates in a three-tier architecture and will require hardware/software changes by the County's Management Information Services Department.

Project Critical Delivery Deadlines

The success of the project is dependent upon the commitment of those involved to be available during the decision process and the determination of the project team to deliver their portion of the process on time and within budget. Those factors and dates are identified as:

♦ Board of Supervisors approves Project Charter (and funding)—August 28, 2001
♦ Vendor selected to assist with upgrade—September 2001
♦ Vendor contract to convert data signed—September 2001
♦ PeopleSoft Version 8.XX installed—September 2001
♦ Updated environment received and loaded on server—October 2001
♦ System testing completed—November 2001
♦ County Department training completed—November 2001
♦ Production system is available & operational—December 17, 2001

Business Drivers/Measurements

The driving force is the benefits and cost savings with the implementation of the Information Technology Strategic Plan. The approach to successfully accomplish this task is to review the

options available and implement the best and most cost effective option available. The key project measurements of success are:

♦ Critical delivery dates are met.

♦ Resources are available at critical times.

♦ Vendor resources are available.

Project Goals

♦ Internet architecture, which enables the County to deploy menus or panel groups over the Web, using standard Web browsers.

♦ A security structure, which allows all employees to have access to their own selected records (employee self-service).

♦ Eliminate many of the steps now required when enrolling or changing employee benefit selections, thus reducing the amount of time and improving accuracy.

♦ Provide a direct connect via Web to health carriers making the CALYNX initiative possible. This is an interface required of the County to be designed by 1/1/2002, to send benefit elections directly to the carriers.

♦ Reduce the number of paper forms employees must complete for benefit enrollment.

♦ Allow access for employees to enter their own hours worked via the Internet.

Timeframe

Proposed delivery schedule—August 2001
Acceptance of project proposal—August 2001
Acceptance of project charter—August 2001
Conversion file sent to PeopleSoft—September 2001
Production System available for testing—November 5, 2001
Production System available to departments—December 21, 2001

Statement of Work

The work consists of adopting this project charter, which provides the framework for a successful project, forming a project team, retaining skilled & knowledgeable third party vendors, training power users, and all system users. The goal of all involved is to complete the upgrade of the Human Resources system upgrade from the current version 7.02 to Internet version 8.XX.

Project Team

- Coordinate resource allocation.
- Perform quality assurance on the product received from the Vendor.
- Monitor the project schedule.

Vendor

Phase I – Install Software
- Install the PeopleSoft demo database of the new release
- Create and clean up a copy of the County's production database

Phase II – Upgrading People Tools
- Updating People Tools system tables
- Converting menus and queries
- Loading messages
- Copying the delivered People Tools and People Tools Delete projects

Phase III - Comparing, Reporting and Copying the County's Upgrade
- Generate compare reports
- Analyze compare reports
- Run the copy process to copy objects from the demo of the new release into the copy of the production system

Phase IV – Using SQL Alter and Create
- Create new records
- Alter records for adds, changes and renames

Phase V – Converting Data

Phase VI – Cleaning Up and Testing the Database
- Alter records for adds, changes, renames and deletes
- Create views and indexes
- Manually reapply modifications as necessary
- Perform testing
- Create copy for production use

Phase VII – Provide technical and functional assistance as needed

County Departments

- Provide testing assistance of new system.
- Availability for training
- Provide staff resource for evaluation of system

Information Technology (MIS)

♦ Provide hosting and storage facilities for the technology required by the project.
♦ Provide data security and backup services.
♦ Provide uniform data access per the requirements of the Human Resources System.
♦ Update the currently owned software for use in the Human Resources System.

Auditor-Controller's Office

♦ Provide project management
♦ Oversee available resources

Project Sponsor

♦ Provide guidance to the project team
♦ Act as liaison between various County Departments and vendor

Board of Supervisors

♦ Approve this project charter at its August 28, 2001 meeting.
♦ Provide funding for the successful completion of the Human Resources Project.

Project Deliverables

Specific deliverables provided by this project are:

Internet architecture, which enables the County to deploy menus or panel groups over the Web, using standard Web browsers.

A security structure, which allows all employees to have access to their own selected records (self-service).

Eliminate many of the steps now required when enrolling or changing employee benefit selections, thus reducing the amount of time and improving accuracy.

Provide a direct connect via Web to health carriers making the CALYNX initiative possible. This is an interface required of the County to be designed by 1/1/2002, to send benefit elections directly to the carriers.

Reduce the number of paper forms employees must complete for benefit enrollment.

Allow access for employees to enter their own hours worked via the Internet.

The project team will ensure the technology delivery system will deliver the information to the clients via the intranet and will be responsible for the accuracy of the data published by said system.

Project Costs

Total Project Preliminary Cost Estimate:

Consulting Services	$150,000
System Customization	80,000
Functional & Technical Training	150,000
Hardware & Software	85,000
License Fee	140,269
PeopleSoft Lab	160,000
Project Manager	96,000
Contingency	85,000
Total cost of the project	$946,269

See comments from Business Software Consultants on Attachment A.

Responsibilities

The following integral members of the Human Resources System Project are:

♦ Project Steering Committee—Auditor-Controller, Interim Director of MIS, Chief Information Officer, Project Manager, two department representatives.
  ♦ Management project scope and other management issues.

♦ Project Manager—To be selected
  ♦ Management day-to-day project activities.

♦ Project Client—All County Departments
  ♦ Available for training, evaluation, and staff resources

♦ Project Sponsor—Larry Haugh, Auditor-Controller
  ♦ Provide direction and liaison between County departments.

♦ Project Team—Various County departments and resources.
  ♦ Provide guidance, resources, and decision-making on the variety of tasks leading to a successful outcome.

- ◆ Vendor
  - ◆ Provide technical support and services to the project team.

- ◆ Consultant
  - ◆ The consultant brings the necessary technical and functional expertise.

Risk Management Plan

The following items are considered risks to the success of the project resulting in missed or slippage in the critical timeline. The following lists such items and mitigation strategies to reduce them to a minimum:

- ◆ Ineffective project management
  To mitigate this risk, a project manager experienced in the Human Resources Management System from the customer point of view has been selected. Additionally, there will be quality reviews at the end of each stage of the project by the project team.

- ◆ Inaccuracy of data
  While the project can ensure accuracy of the existing data, we have little control over the converted data we receive from outside vendors. To minimize this risk, a data validation process will be performed before the data is incorporated into the system.

- ◆ Delay in decision-making
  It is critical to maintain the timelines of the project and to ensure on-time delivery. The project schedule shall be continually monitored and reported on for possible slippage to reduce this risk to a minimum. Additionally, a subset of project team members will meet weekly to monitor the schedule.

- ◆ Loss of project team members
  A multifunctional team is proposed for this project. This will reduce the risk associated with this item. Team member vacancy replacement shall be a high priority.

- ◆ Insufficient funding
  Timely approval of the funding is critical to meet the required delivery timeline and avoid the need for additional vendor support.

- ◆ Unfulfilled commitments
  The major keys to the success of the project are commitment to delivery by the vendors and the project team. While there are processes to ensure vendor commitment, it is essential that management in the various departments assures the full participation of their staff in the team process.

- ◆ External dependencies

Of concern is the timeline for completion of required work by third party vendors. This exposure can be mitigated by closely following up with vendors and monitoring milestones in the process.

Quality Management

The project will have an extensive quality assurance process implemented. The high exposure and critical nature of this particular project to departments requires that the data and output of the project be above reproach.

♦ Existing data and external data will be validated by members of the project team before it is incorporated into the project;

♦ Output data will be checked by the team prior to its being finalized or subjected to public review.

♦ Project Quality will be addressed as a separate item at each project meeting;

Scope Management

The time line for the project to deliver its product by the target dates is short. As such, the scope of this project must not be changed. Any issues, requirements or scope changes will be evaluated and assessed against the time line for the project. If the proposed change affects the delivery dates in an adverse fashion, it will be forwarded to the project sponsor with the impact assessment and discussed by the Steering Committee.

Management Issues

To meet the tight schedule required by the process, issues must be resolved quickly. All issues will be evaluated against the project schedule. Those threatening the schedule will attempt to be resolved within 24 hours, or a mitigation plan to reduce said issues' effect on the schedule shall be implemented. Issues deemed not to be a threat to the schedule will be resolved as necessary.

Effectively managing issues will require the commitment of the project team, project sponsor, steering committee and the various resources to stay within the timeline.

Change Management

A project starts out as a fully planned entity. In reality, as time passes, slippage and issues arise somewhat changing the direction of the project. To reduce this occurrence, it is imperative that the project team and all involved in the process are focused on the goals and delivery dates of the project. The project manager shall monitor the direction of the project and keep the team informed of items affecting the direction of the outcome.

Impact Assessment

Our current version of PeopleSoft expires on December 15, 2001. After that date, we will no longer receive tax upgrades or assistance for any known or previously unidentified application bugs under our maintenance agreement. Without this support, payroll taxes would not be computed accurately. Of even greater concern is the likelihood of not being able to issue payroll checks on time due to unresolved application bugs or processing problems absent PeopleSoft support.

The cost of 7.02 extended support from PeopleSoft, for the 7 to 8 tax table upgrades for the year 2002 will be $40,000 each, plus expenses. In the first quarter of 2002 alone, we typically receive 3 tax table upgrades. It is critical to note that tax table upgrades and maintenance support are not available from third party vendors. While PeopleSoft has provided preliminary estimates for the extended support referenced above, there has been no documentation provided detailing services. The format for W-2's has been completely re-written for the 2001 tax year. Absent tax form upgrades, we will be subject to a $50 fine per employee or approximately $250,000.

The format for W-4's has also been re-written for calendar year 2002. Employees may be required to complete new W-4's to have accurate tax withheld due to the new tax structure for the 2002 calendar year.

Beginning January 1, 2002, the new Bush administration tax cuts, in the form of reduced federal withholding amounts, will take place. Without the upgrade to the newer application version, it will be necessary to notify employees that their withholding amounts are not correct.

The cost between implementing PeopleSoft 8.XX and the cost of postponing is well over a million dollars in the first year. This is in addition to legal issues and labor problems, which would result from not taking a proactive approach.

This upgrade is consistent with the County's Information Technology Strategic Plan approved by the Board of Supervisors to move applications to a Web-based environment and make services more efficient and accessible.

In order to meet the support deadline we must begin the upgrade immediately. We will incur additional implementation costs by postponing this further. It will also strain our very limited resources to maintain the current version while implementing and training County department staff for the new release.

Security Requirements

The project will use the security infrastructure, which comes with the upgrade and is currently in place in the Human Resources Management System. It will continue to incorporate user identification and password protection.

Information Integrity Requirements

The integrity and maintenance of the data is an ongoing function of various departments and resources involved in the project. Those involved are:

♦ Chief Executive Office
The Chief Executive Office is responsible for the maintenance of data entered into the Human Resources Module of the system.

♦ Chief Executive Office – Risk Management Division
The Risk Management Division is responsible for the maintenance of insurance and benefits data entered in the Benefits Administration Module of the Human Resources System.

♦ Auditor-Controller's Office
The Auditor-Controller's Office is responsible for the maintenance, and auditing of payroll and time and attendance data entered by department payroll staff.

♦ Information Technologies
Maintenance and updating of the Training & Tracking Module, plus the infrastructure and software.

♦ Vendor
Provide technical support as needed.

♦ All County Departments
Departments are responsible for data entered into the time and attendance module of the Human Resources Management System.

Project Methodology, Procedures and Tools

The project can be broken down into 12 components:

1. Approval of Project Charter by Board of Supervisors

2. Form project team

3. Contract with vendors, PeopleSoft Lab

4. Install version 8.XX of PeopleSoft

5. Convert current tables and data from 7.02 to 8.XX

6. Train County functional and technical staff

7. Install converted data onto County servers

8. Test converted data

9. Train payroll clerks

10. Test version 8.XX

11. Final data conversion

12. Final move to production

<u>Project Process</u>

The following software will be used in the completion of this project:

♦ Microsoft Project	Project schedule monitoring software;
♦ Microsoft PowerPoint	Presentation software;
♦ Microsoft Word	Word processing software
♦ Microsoft Excel	Spreadsheet software
♦ PeopleSoft 8.XX	Human Resources Software

The following shall be implemented to ensure team focus:

♦ The project team will meet formally weekly with an agenda and desired outcomes;

<u>Project Structure</u>

♦ <u>Board of Supervisors</u>
   All Board Members

♦ <u>Project Steering Committee</u>

Auditor-Controller	Larry Haugh
Interim Director of MIS	Monica Nino-Reid
Chief Information Officer	John Emerson
Project Manager	To be selected
Two department representatives.	To be selected

♦ <u>Project Sponsor</u>

Auditor-Controller	Larry Haugh

♦ <u>Project Manager</u>   To be selected

♦ <u>Project Team</u>

CEO - Personnel	Patti Gillihan

CEO – Risk Mgt	Casi Persons
Auditor-Controller	Kim Groesbeck
MIS	Jim Ray
Department Representatives	To be selected
Vendor	PeopleSoft, Pleasanton, California.
Consultants	To be selected

Project Team Values

The project team's values are modeled from those of the County and are:

- Respect the communities and the individuals we serve;
- Model leadership;
- Promote personal responsibility, integrity and accountability;
- Encourage and support innovation;
- Promote collaboration and teamwork;
- Support personal development;
- Reward and celebrate excellence;
- Give proper recognition for a job well done;
- Take pride in our work.

Roles and Responsibilities

- **Board of Supervisors**
  The Board is responsible for the approval of this project charter and funding authorization.

- **Project Sponsor**
  Provide direction and liaison between team members, vendors, and County departments.

- **Chief Executive Office - Personnel**
  The Personnel Division will provide assistance in the conversion and testing of data for the Human Resources Module. The Division will work closely with the project team and ensure Personnel data integrity is maintained.

- **Chief Executive Office – Risk Management**
  The Risk Management Division will provide assistance in the conversion and testing of data for the Benefits Administration Module. The division will work closely with the project team and ensure Benefits data integrity is maintained.

- **Management Information Systems**
  MIS will supply assistance and support on the technology requirements necessary to implement the project in a timely manner. Specifically, resources related to the infrastructure of the Internet and wide area networking.

♦ Auditor-Controller's Office
   The Auditor-Controller's Payroll Division will provide assistance in the conversion and
   testing of data for the Payroll and Time & Labor Module. The division will work closely
   with the project team and ensure Payroll data integrity is maintained. The Auditor-
   Controller's Office will provide the project manager to facilitate sponsorship and liaison
   between the various County departments, the Board of Supervisors and the project team to
   ensure all work is performed in a cooperative manner to achieve the desired goal.

♦ Department Representatives
   The department representatives will provide expertise and knowledge of the various
   department needs and assess implementation options.

♦ Vendor (PeopleSoft)
   The vendor brings to the team the necessary resources for the upgrade conversion and
   installation of the 8.XX version.

♦ Consultants (To be determined)
   The consultants bring the technical and functional expertise to the project to permit the
   integration of information into release 8.XX.

Resource Availability

Due to the short time frame and critical delivery dates required of this project, department heads
of the various project members must ensure that staff is allowed sufficient time to work on the
project as the need arises.

Business Case

Benefits of the project:

On September 19, 2000, the Board of Supervisors adopted a formal technology strategy to help
guide and prioritize the many technology issues facing the County. Identified in this very
extensive report completed by ThirdWave was a recommendation for an on-line time card. First-
year savings by all County departments was conservatively estimated at $917,371 and
$4,586,855 over a 5-year span. Savings would be achieved through a much more efficient
method of capturing hours worked through on-line time cards with the cost reductions distributed
throughout the organization.

Other new processing enhancements in the Benefits and Payroll Modules of PeopleSoft 8.XX
will provide efficiencies and cost avoidance. These efficiencies are described below and include
providing self-service choices to employees.

PeopleSoft 8.XX is a true Internet-based application. The PeopleSoft Internet architecture
enables the County to deploy menus or panel groups over the Web, using standard Web
browsers. No PeopleSoft application code is required on the client workstation and only one

Internet server has to be touched when upgrading the application. Management Information Services and individual departmental staff must now upgrade individual Personal Computers and multiple department file servers.

Benefits Administration

Security structure allows all employees to have access to their own selected records. Employees can access records without involving department payroll clerks.

Employees can use the Internet to enter their own hours worked into the time and labor module on a weekly time reporting page. This would eliminate the duplication of effort now employed. Employees currently record their time manually on time cards. This time is manually re-keyed by a department payroll clerk from the handwritten time card.

The Time and Labor Module now includes many features to enhance processing and reduce the likelihood of errors. These include:

- Using the module as a scheduling device.
- Dock time reporting which allows more flexible schedules.
- Scheduling and processing according to FLSA.

Direct connection is available via Web to health carriers making the CALYNX initiative possible. This is an interface required of the County to be designed by 1/1/2002, to send benefit elections directly to the carriers.

Improved processing for benefit administration. Many of the steps now required have been eliminated, reducing the amount of time and improving the accuracy when enrolling or changing employee benefit selections.

Benefits Administration is now Web enabled which allows employee self service for benefits.

Significantly reduces the number of paper forms that employees must complete. This provides a more streamlined and efficient process for benefit enrollments.

Post Implementation Requirements

The following are required or will continue after the end date of the project:

- Post implementation review. The project will be reviewed by the project team 4 to 6 weeks after its closing date to evaluate the effectiveness of its processes, methodology and results.

- Departments shall implement the required processes for continual support of PeopleSoft 8.XX.

- Information Technologies continues to support the implemented infrastructure.